

Washington State: Health Care Reform Update

Washington Health Care Authority: Stakeholder Webinar
November 30, 2012

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Overview

The Promise of the Affordable Care Act: New Coverage Options

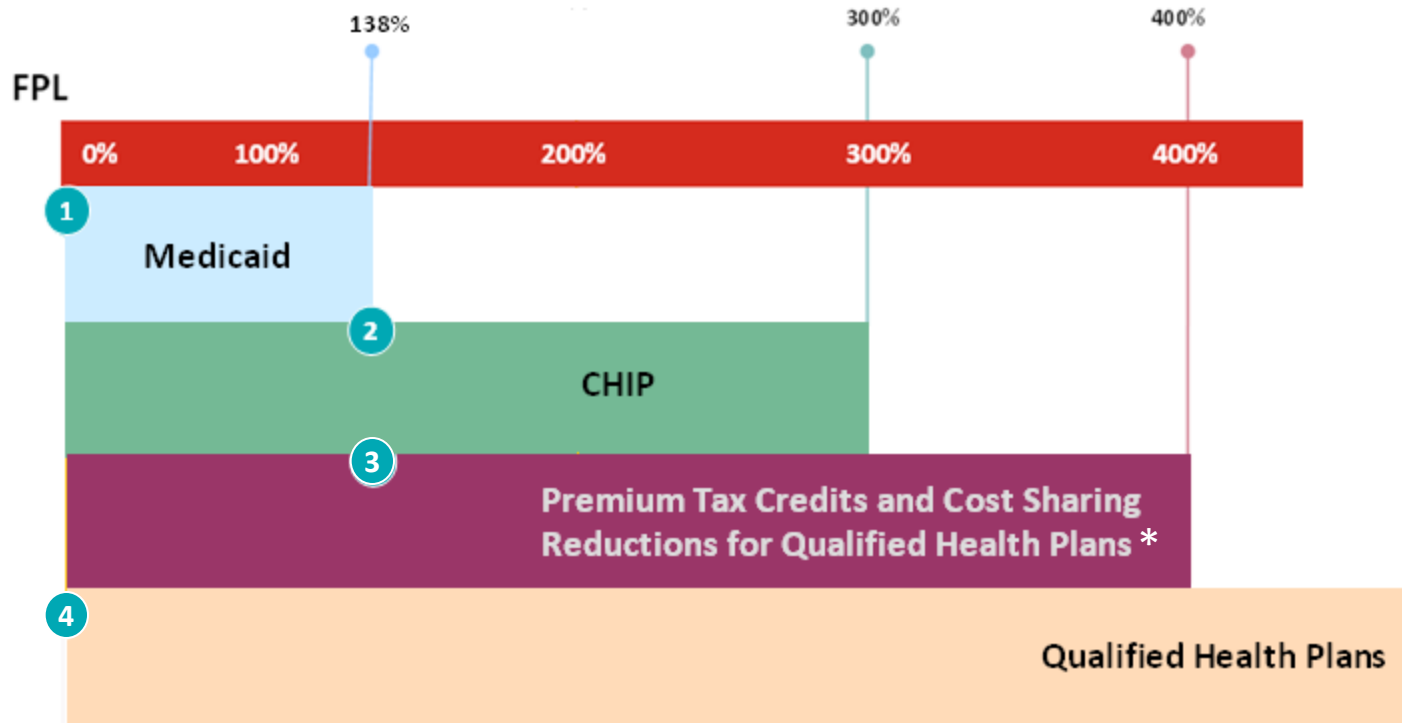
The Promise of the Affordable Care Act: Health Benefit Exchange

Affordable Care Act Implementation: Washington Progress Report

The Road Ahead (October 2012-January 2014)

The Promise of the Affordable Care Act: New Coverage Options

Coverage Continuum in 2014



* Federal Basic Health Plan Option for individuals with incomes between 138% and 200% of the FPL will not be available in 2014.

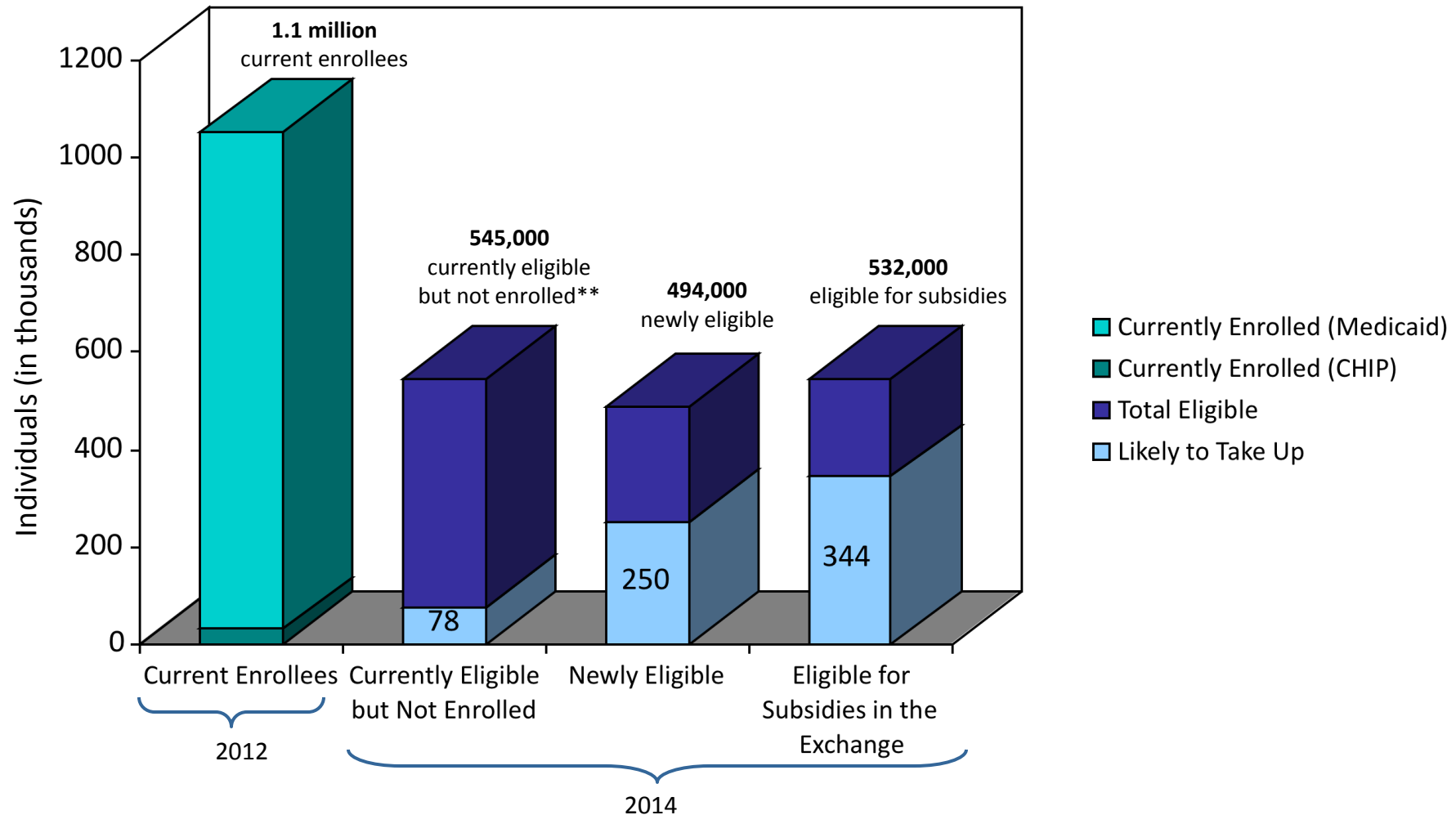
Federal Poverty Levels and Annual Income (2012)

Federal Poverty Level	Annual Income: Individual	Annual Income Level: Family of 3
133%	\$14,856	\$25,390
138%	\$15,415	\$26,344
200%	\$22,340	\$30,260
300%	\$33,510	\$45,390
400%	\$44,680	\$60,520

ACA Coverage Vision: Near Universal Coverage

- Coverage is accessible and affordable for every Washington resident.
- New continuum of Insurance Affordability Programs (IAPs): Expanded Medicaid, CHIP, and Qualified Health Plans (with or without subsidies)
- Medicaid shall be treated the same as Qualified Health Plans
- Health Insurance Exchanges offer transparent market place to shop and compare (with or without subsidies)
- Streamlined processes and accessible portals support real time, technology enabled IAP eligibility determination and insurance enrollment

Post Implementation of the Affordable Care Act (ACA): Subsidized Coverage Landscape in Washington



Note: Analysis forecast assumes full take up rate and the ACA was in effect in 2011. **Includes individuals who have access to other coverage (e.g., employer sponsored insurance). Sources: The ACA Medicaid Expansion in Washington, Health Policy Center, Urban Institute (May 2012); The ACA Basic Health Program in Washington State, Health Policy Center, Urban Institute (May 2012); Milliman Market Analysis; and Washington Health Care Authority for Medicaid/CHIP enrollment. Refined projections will be included in with release of 2013-2014 state budget.

Post Implementation of the ACA: Remaining Uninsured

- Undocumented immigrants
- Individuals exempt from the mandate who choose to not be insured (e.g., because coverage not affordable)
- Individuals subject to the mandate who do not enroll (and are therefore subject to the penalty)
- Individuals who are eligible for Medicaid but do not enroll

The Promise of the Affordable Care Act: New Coverage Options

Medicaid & CHIP

Medicaid/CHIP Coverage Today



- Different populations are covered at different eligibility levels:
 - **Children: 300%** of the Federal Poverty Level (FPL)
 - **Pregnant Women: 185%** of the FPL
 - **Parents: 40%** of the FPL
 - **Aged, Blind and Disabled: 75%** of the FPL
 - **Childless Adults: NO** Medicaid coverage (limited to Transition Bridge waiver)

Description of New Medicaid Adult Group

- ACA establishes new Medicaid adult eligibility group: individuals with incomes below 138% of the FPL who are: (1) under age 65; (2) not pregnant; (3) not entitled to or enrolled in Medicare; and (4) not otherwise eligible under an existing mandatory category (e.g., children, pregnant women, aged, blind, disabled)
- Washington's new adult group will be comprised of:
 - Childless adults with incomes below 138% of the FPL
 - Parents with incomes above ~40% and below 138% of the FPL
- Most adults, but not all, in new adult group will be “newly eligible,” allowing the State to claim enhanced FMAP for their medical costs

Description of Newly Eligible in Adult Group

- **Newly Eligible Individuals:** adults under age 65 with incomes below 138% of the FPL who were not covered under Washington's Medicaid State Plan as of December 1, 2009:
 - Childless adults with incomes below 138% of the FPL.
 - Parents with incomes greater than 40% of the FPL (MAGI converted) and below 138% of the FPL.
- **Enhanced FMAP:** Washington will receive an enhanced FMAP for adults within the new adult group who are "newly eligible" beginning January 1, 2014.
- **FMAP Proxy:** HHS will establish a proxy methodology to adjust the FMAP payment to states:
 - Proxy will take into account certain individuals who receive coverage as a "newly eligible" but would have been eligible under another category as of December 2009 (e.g. disability).

Year	Enhanced FMAP Newly Eligible Adults up to 138% FPL	
	<i>State Share</i>	<i>Federal Share</i>
2014	0%	100%
2015	0%	100%
2016	0%	100%
2017	5%	95%
2018	6%	94%
2019	7%	93%
2020+	10%	90%

New Adults Receive Medicaid Benchmark

- **Medicaid Benchmark must:**

- Cover all 10 essential health benefits (EHBs)
- Meet mental health parity
- Cover non-emergency medical transportation
- Cover Early Periodic Screening, Diagnosis and Treatment (EPSDT)

- **Medicaid Benchmark may:**

- Align with existing Medicaid benefit package
- Differ for different eligibility groups
- Be different for: (1) healthy adults, and (2) medically frail adults

The Promise of the Affordable Care Act: New Coverage Options

CHIP/Medicaid Expansion & Modernization

Fiscal Implications of Expanding Medicaid

- **Cost of covering newly eligible adults, considering:**
 - Number of newly eligible who enroll -- no means-tested program ever achieves 100% take-up
 - Per member per year costs of newly eligible -- newly eligibles tend to be lower-risk
 - Fully federally funded from 2014-2016, with federal funding decreasing to 90% of costs in 2020 and remains at 90% thereafter
- **Potential State savings and additional revenues, including:**
 - Current Medicaid populations move to new adult group with enhanced federal match
 - Additional CHIP federal match in 2015
 - Costs of State-funded programs for the uninsured (e.g. mental health/substance abuse programs) will go down as population gains Medicaid coverage
 - State revenue increases from provider/insurer assessments & general business taxes on new Medicaid revenue
- **The broader economic value of additional health care dollars, including:**
 - Reduced number of uninsured (increased access to care, fewer medical bankruptcies)
 - Increased revenue for providers
 - Increased employment in the health care sector

Costs of Not Expanding Medicaid



Consumers

Individuals whose incomes are too high for Medicaid but too low for Premium Tax Credits (less than 100% of the FPL) will have no coverage options and no tax subsidies for purchasing health insurance

Providers

Hospitals will face not only the continued costs of providing uncompensated care, but also a reduction in federal disproportionate share hospital (DSH) funding



Employers

Employers will face new coverage obligations for individuals with incomes between 100% and 138% of the FPL; additionally, large employers (> 50 employees) will face a penalty if full-time employees in this income bracket obtain a premium tax credit through the Exchange



Exchange

Interfacing between State Medicaid programs and the Exchange will become very complex administratively, with many “hand-offs” and eligibility determinations conducted against a patchwork of existing state Medicaid categories with variable income levels



One Application Process

Single and streamlined: Single application for all Insurance Affordability Programs (Medicaid/CHIP, BHP, APTC/CSRs) and QHPs



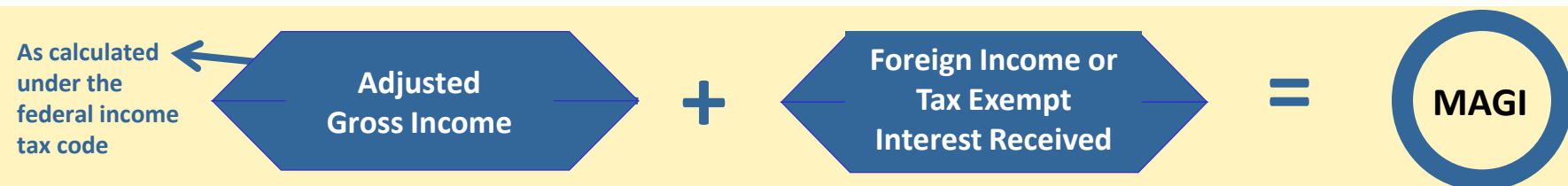
Accepted via: website, phone, mail, in-person, and other common electronic means



Federally-approved: State-alternative form must be approved by HHS and be no more burdensome than HHS form



New Income Counting Rules: MAGI



- **MAGI is both an eligibility standard and income calculation methodology**
- **All IAPs will use MAGI effective October 1, 2013 for coverage effective January 1, 2014**
- **Household Definition: “Family” is a tax filing unit including those who claim dependents and those who are claimed as dependents, with some Medicaid exceptions.**

Administrative Renewal to Keep Individuals Covered

Administrative Renewal: Both the Exchange and State Medicaid/CHIP agencies must use available information to facilitate annual redetermination process for IAP (including non-MAGI) and QHP.



- **Medicaid:** Conduct administrative renewal using up-front database verification. If beneficiary agrees with determination, no action required. If beneficiary disagrees, Medicaid/CHIP must send pre-populated form.
- **Exchange:** With advance permission to obtain tax data, Exchange sends redetermination notice with eligibility determination and basis. Applicant required to sign and return notice.

Annual Renewal: Eligibility for IAPs renewed every 12 months.



- **IAP Minimum 30-Day Review Period/Mandatory Return:**
 - Washington will begin annual renewal review 60 days from date of renewal to respond and provide necessary information

Simplified and Web-Based Enrollment Pathway

Eliminates paper-driven process



Verification of applicants' attestation of eligibility using electronic data sources



Real or near real time eligibility decisions with Call Center support





- Apple Health for Kids (CHIP) covers ~24,000 children with incomes from 200% to 300% of the FPL
- The ACA maintains CHIP through 2019, with funding guaranteed through September 30, 2015
- If CHIP funding continues beyond 2015, states will receive a 23 percentage point increase to its federal matching rate from 2015-2019
 - For Washington, this means increasing from a 65% to an 88% match

The Promise of the Affordable Care Act: New and Better Coverage Options

Tax Credits, Qualified Health Plans and Private Market Reform

Premium Tax Credits/Cost Sharing Reductions

Individuals up to 400% of the FPL who are ineligible for Medicaid are eligible for premium tax credits and cost sharing reductions, determined by an individual's income levels:

Premium Tax Credits:

Income Level	Premium as Percent of Income
Up to 133% FPL	2% of income
133-150% FPL	3-4% of income
150-200% FPL	4-6.3% of income
200-250% FPL	6.3-8.05% of income
250-300% FPL	8.05-9.5% of income
300-400% FPL	9.5% of income

Cost Sharing Reductions:

Income Level	Reduction in Out-of-Pocket Liability*
100-150% FPL	<ul style="list-style-type: none">94% of the actuarial value6% of the cost of coverage for standard population
150-200% FPL	<ul style="list-style-type: none">87% of the actuarial value13% of the cost of coverage for standard population
200-250% FPL	<ul style="list-style-type: none">73% of the actuarial value27% of the cost of coverage for standard population

*Of the second lowest cost Silver plan.

Minimum Essential Coverage and Tax Subsidies

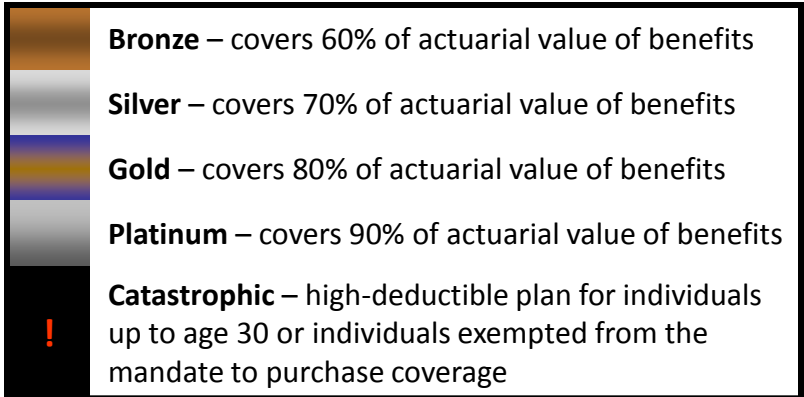
- Tax subsidies will not be available to individuals with access to Minimum Essential Coverage through an employer
- An employee may receive tax subsidies if their employer health plan:
 - Costs more than 9.5% of their annual income;
 - Is not comprehensive and does not meet minimum value requirements






Qualified Health Plans

- **Qualified Health Plans (QHPs) will be available to individuals and small employers in the Exchange**

- **The Exchange will:**

- Set standards for QHPs
- Certify participating plans, and
- Rank plans from **bronze to platinum** to indicate what level of coverage the plan offers



	Bronze – covers 60% of actuarial value of benefits
	Silver – covers 70% of actuarial value of benefits
	Gold – covers 80% of actuarial value of benefits
	Platinum – covers 90% of actuarial value of benefits
	Catastrophic – high-deductible plan for individuals up to age 30 or individuals exempted from the mandate to purchase coverage

- **QHPs must:**

- Provide “Essential Health Benefits” (EHBs)
- Ensure sufficient choice of providers
- Be accountable for performance on clinical quality measures and patient satisfaction
- Implement a quality improvement strategy
- Provide accurate and standardized consumer information
- Be a private health insurance plan

New Issues & Opportunities: Whole Family Coverage



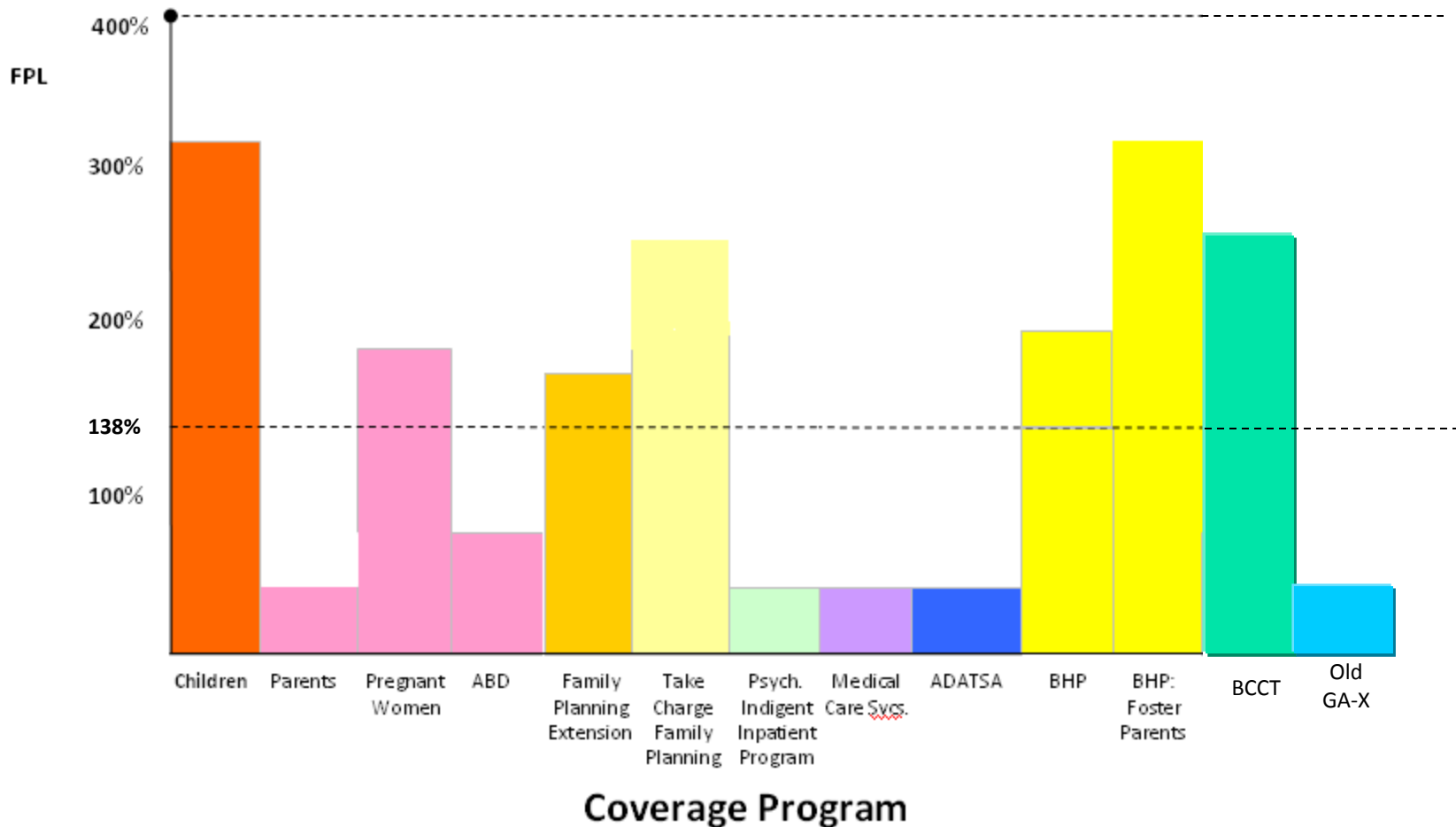
Challenge: rationalizing and simplifying the coverage options for families!

New Issues & Opportunities: Transition of Medicaid and State-Funded Programs

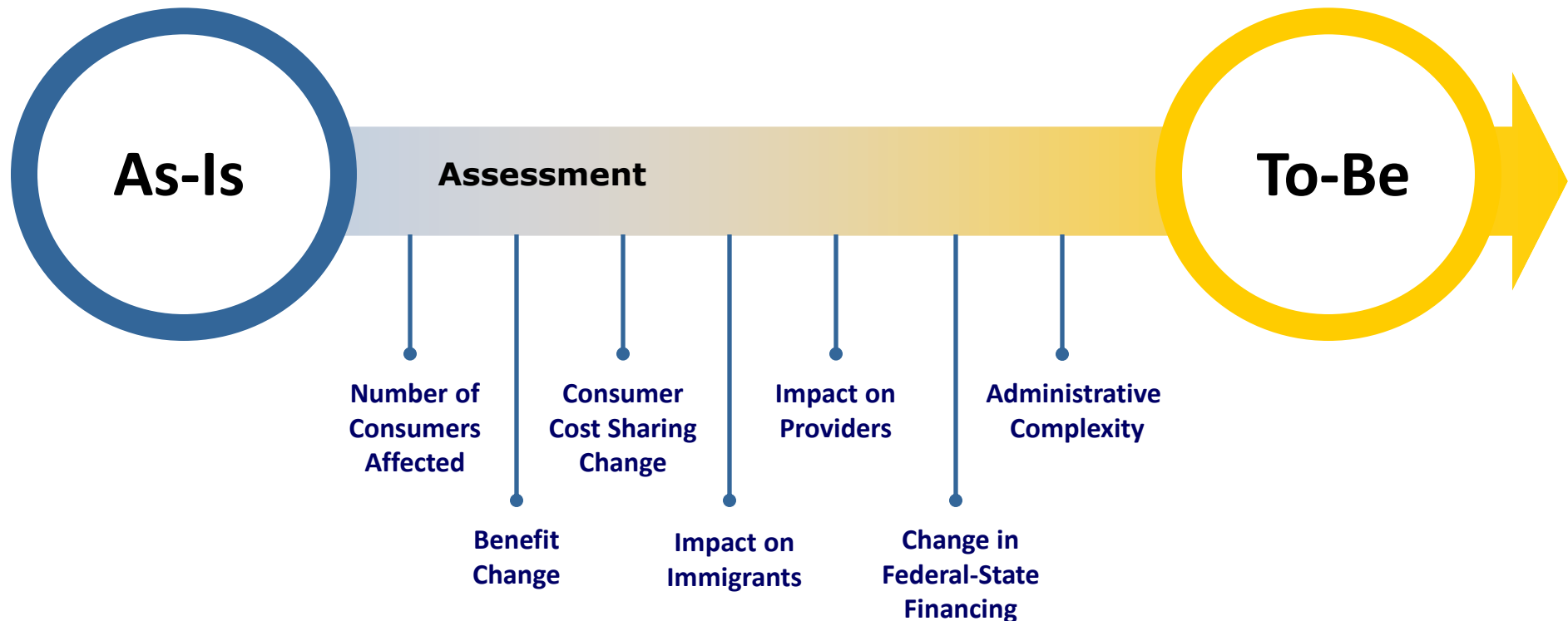
Washington has an opportunity to evaluate existing Medicaid and state-funded programs in light of new coverage options, creating true continuum of coverage.



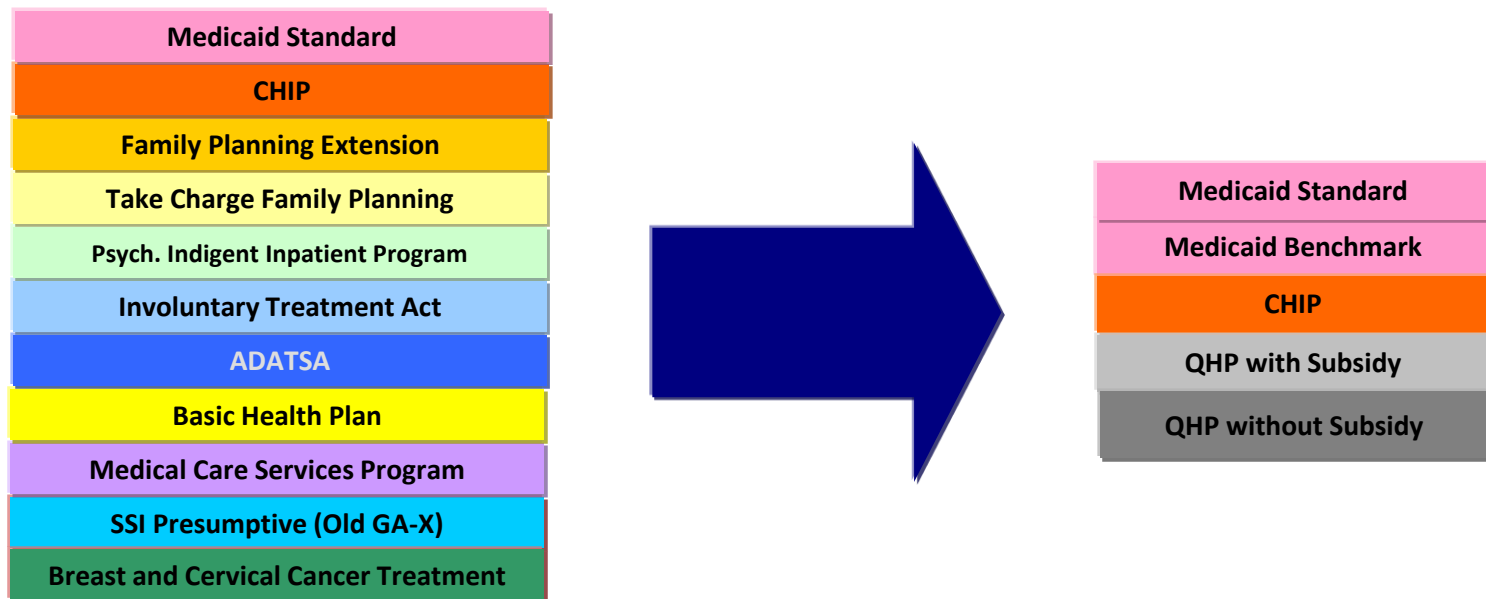
As-Is Landscape: Patchwork of Coverage



Washington Is Evaluating Transition Options



To-Be Landscape: Continuous Coverage



Medicaid Transition Planning Goals

- Immediately move individuals into the new adult category on January 1, 2014
- Leverage enhanced FMAP
- Avoid coverage gaps for consumers and ensure seamless transitions
- Manage coverage transitions for State Medicaid Agency

Private Market Reforms



- Elimination of annual/lifetime limits
- Elimination of pre-existing conditions exclusion
- Elimination of rescissions

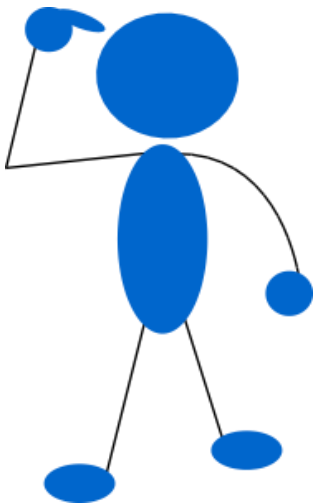


- Expansion of dependent coverage up to age 26
- Coverage of preventive health services with no cost-sharing
- Uniform explanation of coverage documents
- Reporting requirements regarding quality of care
- Process to review unreasonable rate increases by health plans
- New standards related to medical loss ratios and subsequent rebates to plan participants

The Promise of the Affordable Care Act: Health Benefit Exchange

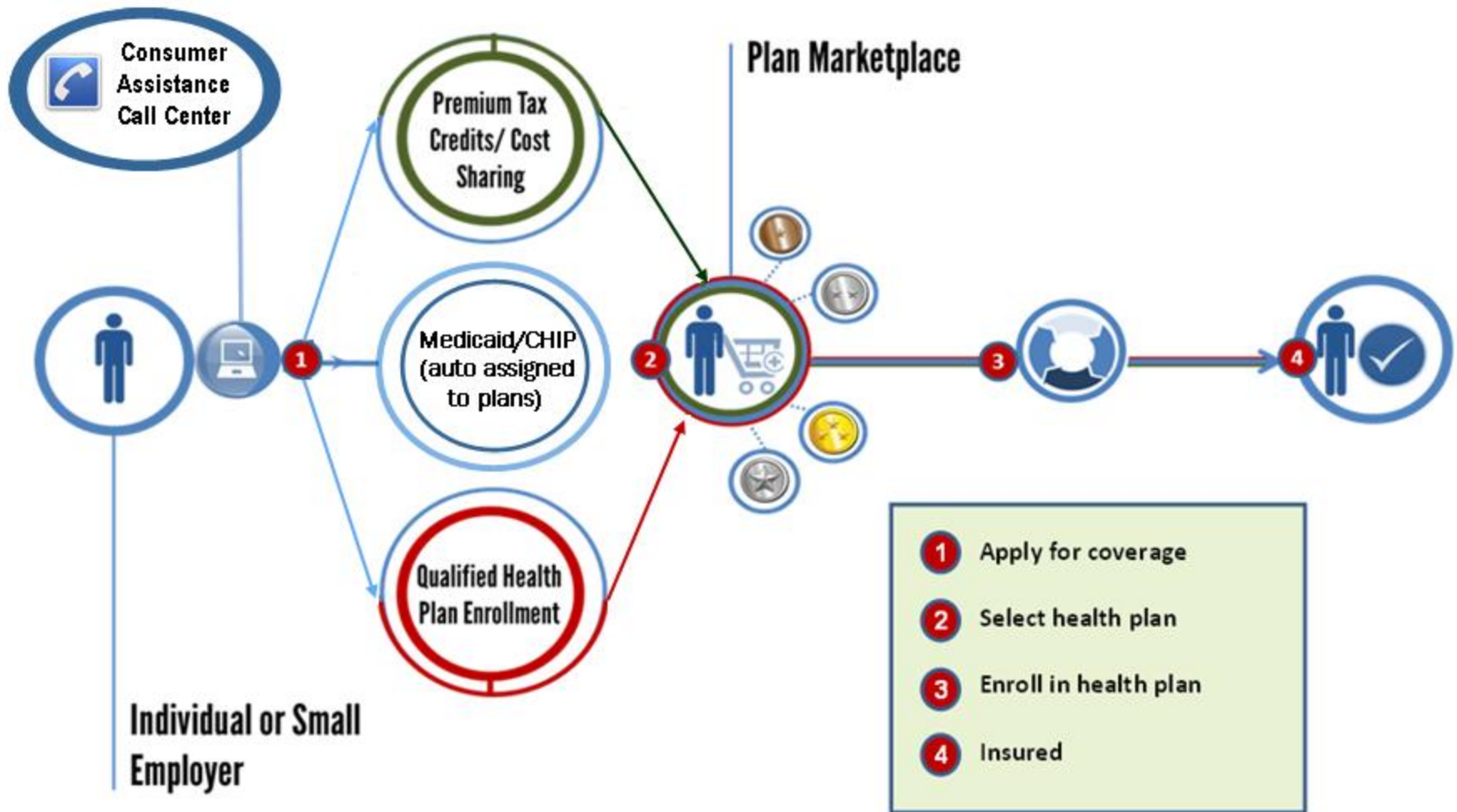
The Exchange: A Doorway to Coverage

**Think: Amazon.com or Expedia...
A simple way to shop for health insurance**



- 1** Find out your eligibility for Qualified Health Plans
- 2** Find out your eligibility for Medicaid, CHIP, and Premium Tax Credits/Cost Sharing Reductions
- 3** Compare your plan options
- 4** Choose a plan and enroll!

The Exchange: One-Stop Shopping for Health Insurance



Consumer Assistance Will Be Available

To reach the ~800,000 uninsured Washington residents, the State will rely on:



Navigators, Assisters and Brokers: will provide help to consumers and small businesses with enrolling into coverage on the Exchange; provide advice to consumers about their enrollment options and premium tax credits; and make referrals of complex cases to Consumer Assistance Programs



Community-Based Organizations: Continued partnership with existing community-based network



Call Center: Toll-Free Hotline operated through the Exchange to provide application assistance

Affordable Care Act Implementation: Progress Report

Building the Exchange

2011

- HCA receives one-year \$22.9 million grant to design and develop Exchange
- SSB 5445 passed creating Exchange as “public private partnership”
- Governor names Exchange Board members

2012

- Board begins governing authority
- ESSHB 2319 passed
 - Deloitte Consulting, LLP, signs on as system integrator
 - Exchange names first CEO and moves into new building
 - Washington becomes second Level 2 establishment grant recipient, \$128 million
- Exchange moves onto own payroll and accounting systems
- WA HBE applies for certification to operate state based exchange with HHS/CCIIO
- Sustainability plan submitted to Legislature

2013

- Exchange must be certified by HHS
- Additional legislative action taken as needed
- **Open Enrollment begins (October 1)**

2014

- Coverage purchased in the Exchange begins
 - Open enrollment ends (February)

Washington's Exchange: Committees & Workgroups

Board Committees

- Operations
- Policy

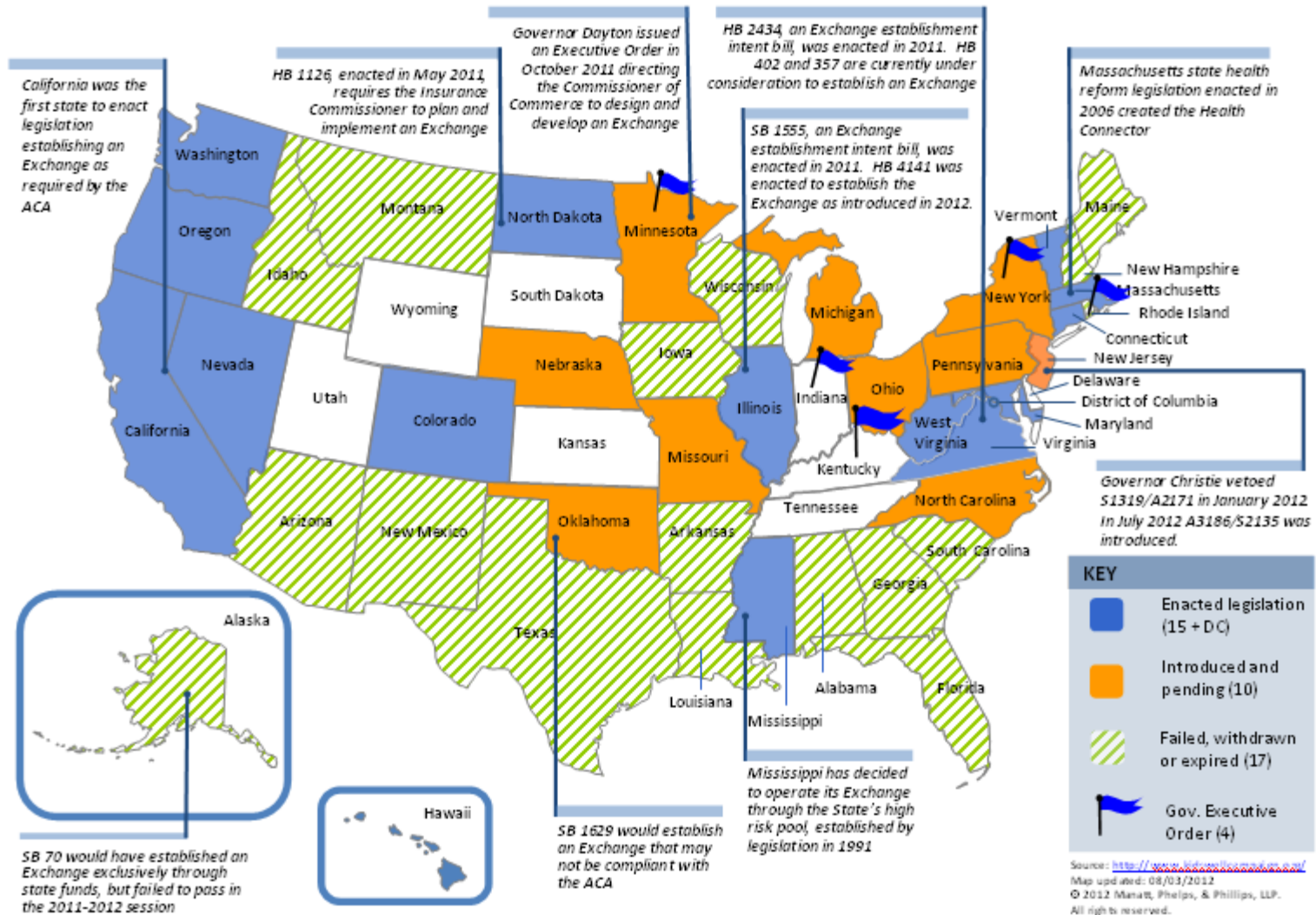
Stakeholder Committees

- Advisory Committee
- Navigator TAC
- Dental Plan TAC
- Role of Agents/Brokers TAC
- Small Business Health Options Program TAC

Workgroups

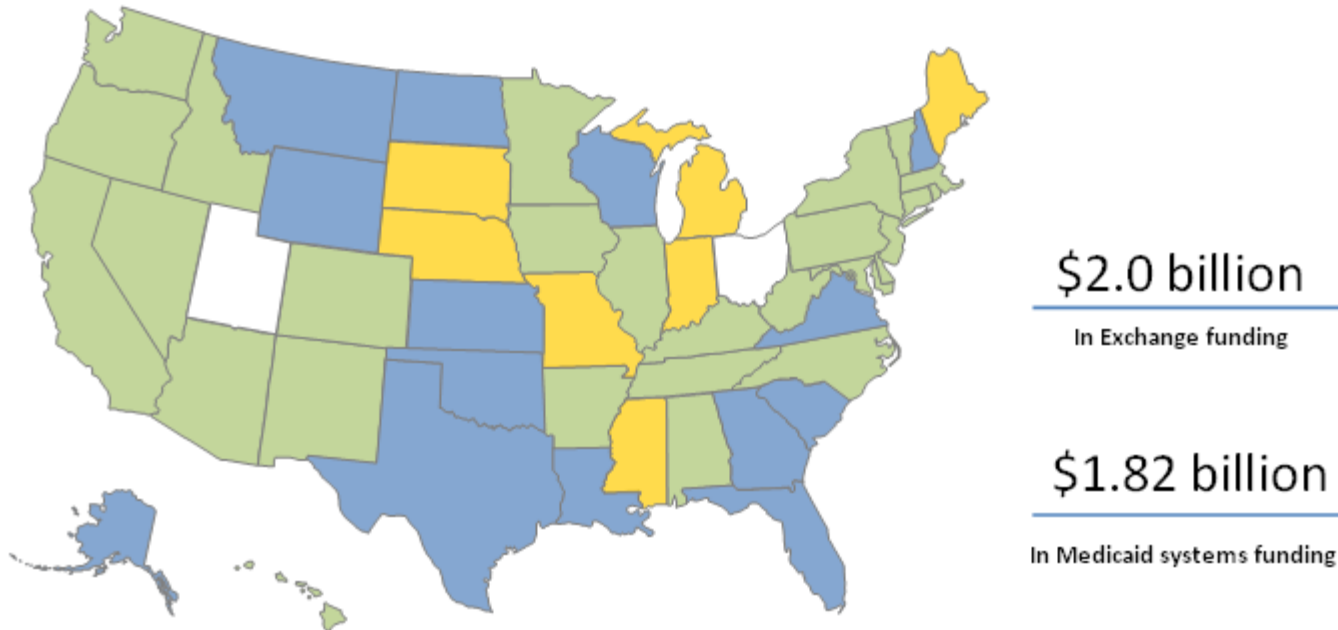
- Plan Management Workgroup
- Consumer Workgroup

Washington is a Leader State: Establishing Exchange



Washington is a Leading State in the Process of Securing \$178 Million for Exchange Establishment & Medicaid Eligibility Systems

State Investments in Coverage Reform to Date



Exchange Funding*

States that have been awarded funding for Exchanges only

Medicaid Systems Funding

States that have applied for or been awarded funding for development of ACA-compliant Medicaid eligibility systems

Exchange & Medicaid Systems Funding

States that have applied for or been awarded funding for both Exchange and development of ACA-compliant Medicaid eligibility systems

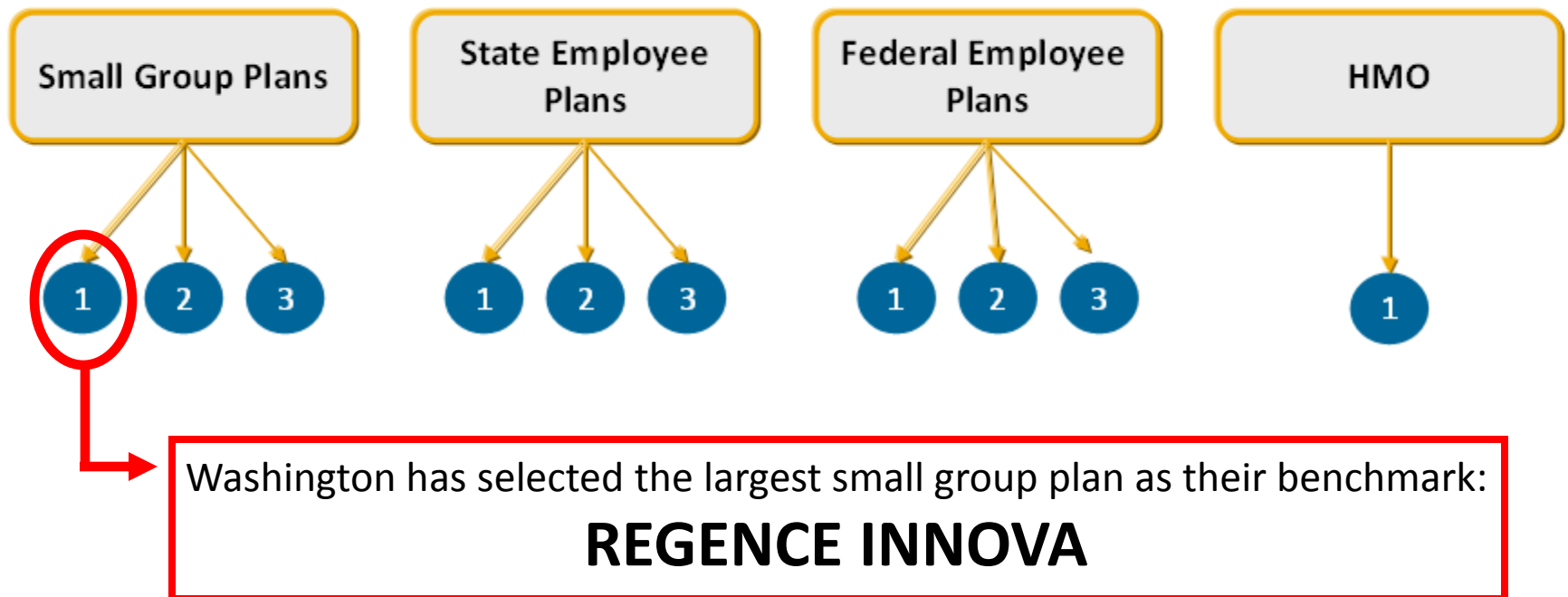
* Exchange funding includes Exchange Planning, Establishment and Early Innovator Grants awarded as of September 27, 2012 and net of any returns.

* Medicaid systems funding reflects Implementation Advance Planning Documents pending and approved through August 30, 2012.

Source: U.S. Department of Health and Human Services

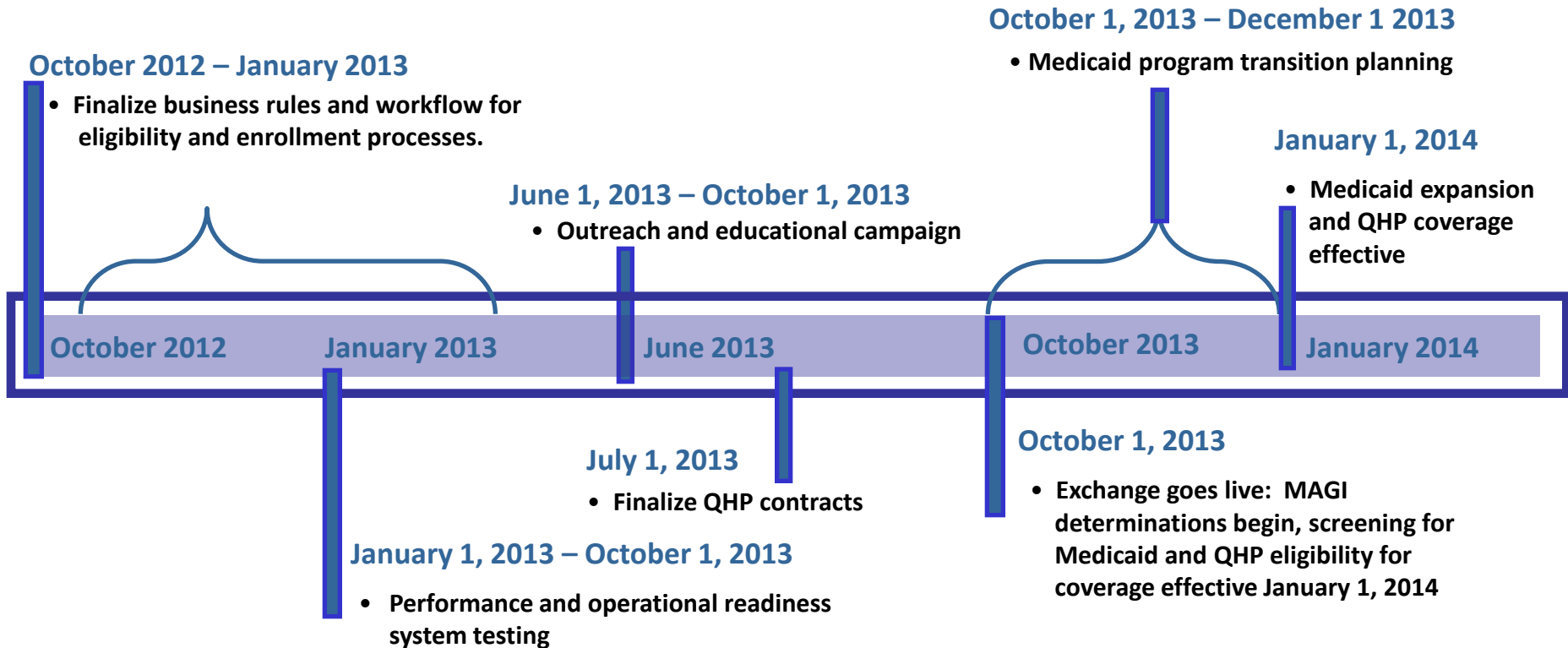
Washington Selected its EHB Reference Plan

Washington has selected its EHB reference plan, which will apply to both the individual and small group markets, inside and outside of the Exchange



The Road Ahead (October 2012-January 2014)

Timeline of Key Tasks: Much Work to Be Done



Implementation Milestones: 2012



- ☐ May – Oct Policy stakeholdering
 - ☐ Benchmark design
 - ☐ Churn/whole family coverage options
 - ☐ Optional program transitions
- ☐ Aug – Dec Operational stakeholdering
 - ☐ Application forms
 - ☐ Process for renewals
 - ☐ Quality assurance
 - ☐ Medicaid client letters
- ☐ Jun – Nov System detail design - MAGI Medicaid eligibility/enrollment
- ☐ Aug – Feb '13 System development & unit testing
- ☐ Sep-Nov Fiscal modeling for 2013-15 budget
- ☐ Nov Caseload Forecast Council official projections
- ☐ Dec Governor's 2013-15 budget

Implementation Milestones: 2013



- ☐ Jan – Mar Review of WAC revisions
- ☐ Jan – Apr Legislative session (expenditure authority)
- ☐ Jun Marketing and educations begins
- ☐ Feb – Aug System performance & operational readiness testing
- ☐ Sep CMS system certification
- ☐ Oct Exchange goes live
 - ☐ Exchange open enrollment
 - ☐ Medicaid applications accepted
- ☐ Oct – Dec Conversion of current Medicaid enrollees

Implementation Milestones: 2014



Jan 1 Medicaid expansion and Exchange coverage begin

HCA Needs Your Input

- Let us know about confusion or gaps in your Medicaid expansion information
 - Contact us at: medicaidexpansion2014@hca.wa.gov
- For health care reform updates and past/future presentations join the HCR listserv. Go to:
<http://www.hca.wa.gov/hcr/me/stakeholdering.html>
- Additional information available at:
<http://www.hca.wa.gov/hcr/me>